

City of Detroit

CITY COUNCIL

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ANNE MARIE LANGAN
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TO: Dan Carmody, President
Eastern Market Corporation

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 4, 2011

RE: 2011-2012 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2011-2012 Fiscal Year.

We would appreciate a written response to the issues/questions by **Tuesday, May 10, 2011**. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Financial Director
Floyd Stanley, Deputy Budget Department Director
Renee Short, Budget Department
Denise N. Gardner, Mayor's Office

Eastern Market Corporation

FY 2011-12 Budget Analysis by the Fiscal Analysis Division

Summary

On June 20, 2006, the Detroit City Council authorized a Management and Promotion Agreement between the City of Detroit and the Eastern Market Corporation (EMC) wherein the EMC will operate the public market and promote economic development in the approximate one square mile Market District. Eastern Market operations have been officially transferred to the Eastern Market Corporation. The agreement calls for the City of Detroit to retain ownership of the property.

The Eastern Market Corporation is a non-profit “umbrella organization” created to equally include representatives of the City of Detroit, Eastern Market stakeholders and persons with a special interest in the market, including corporate and foundations.

The mission of the Eastern Market Corporation is to mobilize leadership and resources to achieve stakeholders vision for the Eastern Market District and make the Eastern Market the undisputed center for fresh and nutritious food in southeast Michigan.

Eastern Market Detroit is the largest historic public market district in the United States. Founded in 1891 the market is home to both retail and wholesale sales. Every Saturday, Michigan's largest market is host to more than 150 farmers and vendors from Michigan, Ohio, and Canada.

To date, the EMC 2011-12 FY budget has not been adopted, despite the fact the Market's fiscal year runs concurrent to the City's.

The Eastern Market Corporation Work Plan calls for the following:

- Renovation of Sheds 2, 3, and 5 for increased days of operation.
- Establishing the Market as Southeast Michigan's food center.
- Establishing an education center and community outreach at Eastern Market.
- Streetscape and public space improvements
- Support of existing businesses and attraction of new businesses and residential development to the Market district.

Eastern Market Corporation has formulated a series of seven initiatives.

Initiatives:

1. Create a flexible-use market space that will integrate market sheds and the adjacent retail store frontage into a Market Square. This will increase the market's days and hours of use, celebrate its historical character and allow market businesses to capitalize on event audiences.
2. Increase the metropolitan Detroit community's accessibility to high quality farm-fresh produce, attract new seasonal growers, and re-establish the market as a

premier center for fresh foods through the creation of improved fresh food vendor stalls in historic Shed 2.

3. Improve winterization and add refrigeration to the market's Shed 3 to create a year-round and predictable destination for a healthy array of fresh and specialty foods.
4. Create a new resource to engage the community with food, farm, and nutrition-relation educational programs, add visitor amenities, and enhance the market as an attractive destination through the construction a new Market Services and Food Education Center.
5. Broaden the market's strength in plants and flowers by adding retail greenhouse space to Shed 5 to foster year-round sales.
6. Encourage economically sustainable agriculture product, foster rural-urban educational partnerships and cultivate entrepreneurial opportunity for fresh food producers.
7. Invest in the infrastructure of the market to increase visibility, security, and access resulting in an improved identity, attractiveness and a people-friendly experience.

Eastern Market impact on the 2011-12 FY Budget

In the Executive Budget on **Page 36-16**, Eastern Market Corporation is listed in Planning and Development's budget in appropriation 10847 Eastern Market Corporation at \$300,000.

Issues and Questions

According to an article in the Detroit News on April 11, 2011, U.S. Sen. Stabenow indicated that she is working with the Eastern Market to increase the number of days the market is open for business. In addition, the Eastern Market plans to expand by adding a seasonal Tuesday market in July. Lastly, the Eastern Market is also raising an additional \$1 million renovate Shed 5 to open a community kitchen, which would allow for Sunday service of local area foods.

- How close is the Market to opening multiple days as Sen. Stabenow has suggested? Ideally, how many days will the Market open for business, once this plan is fully implemented?
- Is the Market still on track to expand its services to a seasonal Sunday market in July of this year? Will the Market be fully operational on these Sundays?
- Is the Market planning to raise an additional \$1 million for a community kitchen for Shed 5 as the April 11, Detroit News article indicated? What is the timetable for the completion of the Shed 5 community kitchen?

Are there any plans to advertise on television to encourage more shoppers to the market to purchase fresh food, in order to generate additional revenue to the market?

Page 36-16, Eastern Market Corporation is listed in Planning and Development's budget in appropriation 10847 Eastern Market Corporation at \$300,000.

- What is the basis for this budget item?

When do you anticipate you will adopt the EMC 2011-12 budget?

IC:DH